



December 6, 2004


Mr. Michael L. Middleton, Chairman
Federal Home Loan Bank of Atlanta
1475 Peachtree Street NE
Atlanta, GA 30309

Federal Home Loan Bank of Atlanta: Internal Market Risk Model (2004-APP-03)

Dear Mr. Middleton:

On April 10, 2002, the Board of Directors of the Federal Housing Finance Board (Finance Board) approved the Federal Home Loan Bank of Atlanta (Bank) capital plan subject to the Bank's receiving approvals of its risk assessment procedures and controls and internal market risk model pursuant to 12 C.F.R. § 932.1 prior to implementing the capital plan. In my letter of June 29, 2004, we approved your risk assessment procedures and controls.

Between February and November 2004, the Bank submitted data, documents and testing results from its model. Based on our review of these materials and conversations with Bank staff, pursuant to 12 C.F.R. § 932.1, the Finance Board hereby approves the Bank's market risk model



Any material change in the information, representations or commitments made by the Bank, or in the Bank's business plan or operations, prior to the Bank's conversion to its new capital plan, would be a cause for us to modify, change or rescind our approval.

In addition, the Bank remains subject to the Finance Board's authorities under 12 C.F.R. § 932.5(d) to review, and at its discretion, to require the Bank to modify its model. The model will be subject to evaluation and review during annual examinations. These evaluations may determine that the Bank is not meeting the requirements of section 932.1 or that changes in the Bank's risk profile warrant additional modeling requirements for safety and soundness purposes.

With this approval of the Bank's market risk model and our June 29, 2004 approval of the Bank's risk assessment procedures and controls, the Bank may now proceed with the implementation of its new capital plan.

Sincerely,

/s/ Stephen M. Cross
Stephen M. Cross, Director
Office of Supervision

cc: Raymond R. Christman, President and CEO